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Hertz Press Information

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Units Dip 1%...

CAR & TRUCK LEASE-RENTAL INDUSTRY REVENUES ADVANCE 4.7% IN 1982 TO $37.2 BILLION

Lease-rental vehicle industry revenues climbed 4.7% in 1982 but units in service succumbed to the four-year auto depression and slipped 1% from their 1981 record, according to The Hertz Corporation's annual estimate issued today.

The number of lease-rental cars and trucks on the road slid to 6,046,000 vehicles from the previous yearly high of 6,109,000, the first time in the more-than-65-year history of the business records have shown a unit decline, the report said.

Revenues continued upward, however, advancing to $37.162 billion from 1981's $35.491 total, as a result of car and truck purchase price and ownership-and-operating cost increases, the new survey shows.

"Users of most cars and trucks continued to keep vehicles longer, and those who lease and rent motor vehicles are no exception," the company commented.

All 'Fleet' Sales Also Off

The report estimated total cars in non-personal service--both leased and owned vehicles, including so-called "fleet" models--were down 3.4% from the 1981 high of 12,490,000 to 12,061,000 in '82.

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Sales of new non-personal cars fell 7.2% to 3,715,000 in 1982 from 4,003,000 in 1981 and were off more than 25% from the record 4,990,000 sold in 1972. However, total non-personal autos in use continued to advance throughout the 1970's because both business and government began keeping vehicles longer.

New cars and trucks entering lease-rental service also were off 8%, from 1,926 in 1981 to 1,771 in 1982, according to the annual Hertz survey. Overall new car sales fell 8.2% from 8.444 million in 1981 to 7.754 million in 1982, the company noted.

Today's report said lease-rental vehicle age--or "holding time"--was up 7.5% from 3.17 years in 1981 to 3.41 years in 1982. But it noted that average annual mileage run by such units climbed 4.2% from an estimated 22,589 in 1981 to 23,536 in 1982, indicating business people began to travel more last year.

In 1972, average lease-rental vehicle age was estimated at 2.45 years and average mileage per vehicle was 25,970, the Hertz study data shows.

Import Share Slips

The new Hertz study also shows import autos accounted for 12.5% of all non-personal auto sales in 1982, against 13.2% in 1981, 7.8% in 1978 and 3.7% in 1972. The Hertz figures for non-personal units include major "fleet" sales of more than 10 units at a time, plus sales to smaller business and government groups and to individuals driving more than 50% for purposes such as business.

While total lease-rental and overall "fleet" cars in service remain a relatively small under-10% share of the 123.2 million passenger cars on the nation's roads, the ratio of new non-personal sales to all new U.S. auto sales has been close to 50% for the past 15 years.

The share of lease-rental vehicle sales to total new car and truck sales has grown from under 1% in 1950 to 17.4% last year, the Hertz study indicates.

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Here is a breakout of the Hertz estimates for the key segments of the car and truck lease-rental business for 1982, 1981 and 1972:

CAR LEASING

Units In Service: 4,497,000 in 1982 against 4,556,000 in 1981 and 2,893,000 in 1972.
Revenues: $22.322 billion in 1982, $21.236 billion in '81 and $5.425 billion in '72.

(Individual leases totalled 1,645,000 units and $8.166 billion last year against 1,713,000 and $7.984 billion for 1981 and 925,000 units and $1.731 billion in '72.)

CAR RENTAL

Units In Service: 505,000 in '82, 512,000 for '81 and 341,000 in '72.
Revenues: $3.582 billion in '82, $3.349 in '81 and $1.048 billion in '72.

TRUCK LEASING

Units in Service: 856,000 units last year, 848,000 in '81 and 639,000 in 1972.
Revenues: $8.581 billion, $8.300 and $2.523.

TRUCK RENTAL

Units In Service: 188,000, 193,000 and 147,000.
Revenues: $2.677 billion, $2.606 billion and $727 million.

The firm's report said these figures may be conservative, since a growing number of automobile dealers are now in the lease-rental business, adding to the industry totals.

Rentals are defined as transient daily, weekly or monthly use of cars and trucks, generally for less than six months. Leasing refers to longer-term contracts, usually from one to five years for cars and one to eight years for trucks.

The 10-year growth in the four categories averaged 50% in units and 282% in revenues. In the same 1972-82 period, the number of cars and trucks on the country's highways climbed just 35% from 118.5 million to 160.2 million, while their ownership and operating expenses were up 256% from $187 billion to $665 billion, as reported earlier.

Most lease-rental vehicles are newer, higher-priced units which cost more to buy and run than older and used models. Rental cars are normally kept just 12-18 months,

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lease cars 12-48 months.

By comparison, overall average age of U.S. passenger cars was 7.2 years last year. Rental trucks are usually sold after 36-48 months, leased trucks after 48-72 months. Truck age overall last year averaged 7.67 years.

Hertz estimates lease-rental cars and trucks, which were 3.8% of total units on the road last year, rolled about 142 billion miles, some 10.3% of the 1.388 trillion run by all cars and trucks last year.

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First 35 Years The Slowest

Although the car and truck leasing and renting business began more than 35 years ago when the motor vehicle business itself was still young, lease-rental did not begin its current growth pattern until the 1950s.

By the mid-point of the 20th-century, only 82,000 lease-rental vehicles were in service and about 50,000 were trucks--most of them short-haul delivery vans. This 82,000 total amounted to less than 2/10ths of 1% of the nearly 50 million cars and trucks then on U.S. roads.

Lease rental revenues in 1950 were less than $120 million, almost $90 million in truck receipts, according to a review of U.S. motor vehicle use and costs prepared by Hertz. Lease-rental vehicle mileage of 1.6 billion was just 4/10ths of 1% of the 364 billion miles all cars and trucks ran that year.

Hertz itself, founded in 1918 and a leader in the field in 1950, too, had only about 6,300 units in service then and its revenues aggregated less than $14 million, primarily from its truck fleet. Last year, Hertz' revenues topped $1.5 billion, primarily from cars.

Hertz opened for business in Chicago with 12 automobiles. By 1923, when John

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Hertz purchased the firm, it was renting about 500 vehicles from several locations. Truck leasing and renting began about 1925 and full-scale, long-term car leasing was undertaken in 1955. Today, the company has some 4,300 locations in more than 100 nations around the globe and--with its licensees and franchisees--has vehicle fleets of more than 350,000 units.

Hertz and eight to 12 other companies are generally regarded as the leading national firms in the business, with others operating on a local or regional basis.

Some persons place the number of firms now in car or truck leasing or renting as high as 20,000--ranging from automobile dealers who rent or lease only a handful of vehicles each, to major banks and retail chains specializing in fleet leases.

Variety of Leases

A wide variety of lease and rental contracts are written to meet diverse customers needs. Under a so-called "open-end" or "finance" lease, for example, the lessee--customer-- assumes any gain or loss when the vehicle is re-sold at the end of the lease term. With a "closed end" contract, on the other hand, the lessor--leasing company--has responsibility for any profit or loss.

Variations in basic contracts permit a lessee to share in any resale value gain at lease end, while guarding against any loss. Other lease "options" include full- or partial-maintenance of the vehicle, discounts on major upkeep items such as tires and batteries, and alternate forms of insurance coverage.

With a full-maintenance lease, the lessor provides complete service of the vehicle; with a "non-maintenance" contract, the lessee usually is responsible for keeping the vehicle running.

One agreement may cover fueling, maintaining, garaging, insuring and administering a huge nationwide fleet of jumbo tractor-trailer combinations at dozens of locations for a giant corporation. Another may involve only one individual leasing a single sub-compact

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passenger car.

Used Vehicles Sold

In addition, Hertz and other leasing companies now dispose of some lease and rental units through sales to retail customers at showrooms and lots in key cities across the nation, a practice Hertz introduced in 1970.

Industry officials foresee continuing lease-rental growth. If the past advances continue at the same rate, as many in the industry believe, industry volume would be in the $60-70 billion annual range by the end of the decade.

Hertz states: "The car and truck lease-rental volume today is substantial and has been growing for two decades at rates significantly higher than rates of growth of new cars and new trucks generally. As the industry continues to offer more and improved service to the motoring public -- individuals and corporations-- we are confident future growth will continue to reflect the success of our efforts as it has in the past."

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TABLE I

DATA ON LEASE-RENTAL & OTHER 'FLEET'* UNITS

Units=Thousands
Revs.=Millions
Gals./Miles=Billions

1950-1982

Total In Service	1950			1960			1972			1978			1981			1982			Percent Change '72-82	Psg.Car 1981-2
	Car	Truck	Total	Car	Truck	Total	Car	Truck	Total	Car	Truck	Total	Car	Truck	Total	Car	Truck	Total		
Rental Units	17	9	26	112	45	157	341	147	488	448	182	630	512	193	705	505	188	693	1.481	0.986
Rental Revs.	22	19	41	216	142	358	1048	727	1775	2303	1667	3970	3349	2606	5955	3582	2677	6259	3.418	1.070
Lease Units	16	40	56	524	207	731	2893	639	3532	4269	802	5071	4556	848	5404	4497	856	5353	1.554	0.987
Lease Revs.	8	69	77	483	519	1002	5425	2523	7948	14783	5326	20109	21236	8300	29536	22322	8581	30903	4.115	1.051
S/T L/R Units	33	49	82	636	252	888	3234	786	4020	4717	984	5701	5068	1041	6109	5002	1044	6046	1.547	0.987
S/T L/R Revs.	30	88	118	699	661	1360	6473	3250	9723	17086	6993	24079	24585	10906	35491	25904	11258	37162	4.002	1.054
Lease Cars																				
-'Fleet'*Units	16			449			1948			2659			2843			2852			1.464	1.003
-Individ.Units	--			75			925			1610			1713			1645			1.778	0.960
Lease Trucks																				
- Full Service		36			145			348			340			330			322			
- Finance		14			62			291			462			518			534			
NEW Units Into:																				
- L/R Service	12	9	21	242	53	295	1463	189	1642	2038	246	2284	1743	183	1926	1570	201	1771	1.073	0.901
- All Uses	6300	1100	7400	7100	900	8000	10353	2514	12867	10946	3963	14909	8444	2185	10629	7754	2430	10185	0.749	0.918
% L/R to Total	0.002	0.008	0.003	0.034	0.059	0.037	0.141	0.075	0.128	0.186	0.062	0.153	0.206	0.084	0.181	0.202	0.083	0.174		
Vehicles On Road (Millions)	40.3	8.8	49.2	61.6	12.2	73.8	96.9	21.6	118.5	118.6	31.5	150.1	122.0	36.1	158.1	123.2	37.0	160.2	1.271	1.010
Fuel Used By:																				
- L/R Vehicles	0.03	0.12	0.15	0.83	0.76	1.59	5.16	3.40	8.56	6.61	4.26	10.87	5.24	4.04	9.28	4.90	4.16	9.06	0.950	0.936
- All C & T	25.2	10.3	35.5	41.2	16.7	57.9	70.1	29.4	99.6	77.6	38.2	115.9	66.1	39.1	105.7	65.8	41.2	107.0	0.938	0.995
Mileage Run By																				
- L/R Units	0.5	1.1	1.6	11.9	5.9	17.8	73.8	30.6	104.4	112.4	40.0	152.4	98.3	39.6	138.0	101.9	40.4	142.3	1.381	1.036
- All Units	364	94	458	588	131	719	1003	265	1268	1087	360	1447	986	383	1369	990	398	1388	0.987	1.004
All'Fleet'*Cars																				
On Road(Mls.)	4.876			7.453			11.400			12.383			12.490			12.061			1.058	0.966
Miles Trvld.	62.3			100.6			167.0			171.1			150.9			151.7			0.908	1.005

*Vehicles=All units in non-personal service, including small and large business and government vehicles, plus lease-rental vehicles.

TABLE II

8/83 Hertz Corp. Estimates
In Millions Of Units

'FLEET'* CAR SALES--NEW UNITS SOLD FOR NON-PERSONAL--BUSINESS--USE

	1950	1960	1970	1972	1975	1978	1979	1980	1981	1982	PERCENTAGE CHANGE 1972-82	1981-2
# Domestic	1.476	2.481	4.747	4.805	4.494	4.401	4.302	3.784	3.475	3.252	0.677	0.936
# Import	0.0004	0.0030	0.1420	0.1850	0.2510	0.3730	0.3860	0.5210	0.5280	0.4630	2.5027	0.8769
Import % Of 'Fleet'	--	1.3	2.9	3.7	5.3	7.8	8.2	12.1	13.2	12.5		
TOTAL 'FLEET'	1.476	2.484	4.889	4.990	4.745	4.774	4.704	4.305	4.003	3.715	0.744	0.928
% 'Fleet' To All P/C Sales	23.4	35.0	58.3	48.2	57.4	43.6	45.5	49.1	47.4	47.9		

NEW CAR SALES TO INDIVIDUALS FOR PERSONAL USE

# Domestic	4.819	4.114	2.410	4.153	2.263	4.599	3.678	2.508	2.537	2.209	0.532	0.871
# Import	0.005	0.507	1.089	1.210	1.254	1.573	1.953	1.948	1.904	1.830	1.512	0.961
TOTAL #	4.824	4.621	3.499	5.363	3.517	6.172	5.631	4.456	4.441	4.039	0.753	0.909
% Import To All Individual Sales	0.1	11.0	31.1	22.6	35.7	25.5	34.7	43.7	42.9	45.3		

TOTAL NEW CAR SALES--INDIVIDUAL & 'FLEET'--DOMESTIC & IMPORT

# Domestic	6.295	6.595	7.157	8.958	6.757	9.000	7.996	6.292	6.012	5.461	0.610	0.908
# Import	0.005	0.510	1.231	1.395	1.505	1.946	2.339	2.469	2.432	2.293	1.644	0.943
TOTAL #	6.300	7.105	8.388	10.353	8.262	10.946	10.335	8.761	8.444	7.754	0.749	0.918
% Import To TOTAL P/C SALES	0.2	7.0	14.7	13.5	18.2	17.8	22.6	28.1	28.8	29.6		

* Fleet Sales = All passenger cars used primarily for non-personal driving.

Table III MILEAGE TRAVELLED & FUEL USED BY PURPOSE AND VEHICLE TYPE Hertz Corp. 7/83

	NON-PLEASURE TRAVEL								PLEASURE		NON-PLEASURE CAR & TRUCK SUB-TOTAL		TOTAL CAR & TRUCK	
	TRUCK (*See Notes)		Business Travel		Essential Family Use		PASSENGER CAR +Commutation		Pleasure Usage					
YEAR	Miles (Bls.)	Fuel Use (Bls. Gals.)	Miles (Bls.)	Fuel Use (Bls. Gals.)	Miles (Bls.)	Fuel Use (Bls. Gals.)	Miles (Bls.)	Fuel Use (Bls. Gals.)	Miles (Bls.)	Fuel Use (Bls. Gals.)	Miles (Bls.	Fuel Use (Bls. Gals.)	Miles (Bls.	Fuel Use (Bls. Gals.)
1950	94	10.3	62.3	14.33	207	14.38	102	7.06	95	6.49	363	29.01	458	35.5
1960	131	16.7	100.6	7.03	334	23.36	170	11.87	153	10.81	566	47.09	719	57.9
1970	220	26.5	159.8	11.66	508	37.08	268	19.53	233	17.06	888	75.24	1121	92.3
1971	232	28.0	164.6	12.01	549	40.07	287	20.98	241	17.42	945	80.80	1186	97.5
1972	265	29.5	167.0	11.68	573	40.07	303	21.20	263	18.25	1005	81.25	1268	99.5
1973	260	30.4	157.4	12.11	561	43.15	297	22.88	259	19.64	978	85.66	1237	105.3
1974	274	29.9	143.9	11.51	529	42.32	281	22.46	244	19.47	946	83.73	1190	103.2
1975	270	29.7	148.2	11.31	553	42.21	294	22.42	254	19.68	972	83.22	1226	102.9
1976	302	33.1	154.7	10.67	572	43.01	303	22.82	262	20.72	1029	86.78	1291	107.5
1977	338	36.7	161.1	10.39	630	45.99	323	23.58	258	20.22	1129	93.08	1387	113.3
1978	360	38.3	171.1	10.06	652	46.57	334	23.89	264	20.97	1183	94.93	1447	115.9
1979	371	38.6	166.7	9.26	658	45.89	324	22.70	229	18.05	1196	93.75	1425	111.8
1980	386	40.1	152.5	8.03	637	44.44	315	21.94	201	15.83	1179	92.57	1377	108.4
1981	383	39.1	150.9	7.82	636	43.47	314	21.42	199	15.31	1170	90.38	1369	105.7
1982 * +	398	40.4	151.7	7.40	639	43.32	316	21.41	198	15.10	1189	91.11	1388	106.1

NOTES: *Many light-duty trucks are used for pleasure travel, but such mileage cannot be computed accurately so non-pleasure truck and overall non-pleasure mileage totals are believed to be somewhat over-stated.
+Trucks are also used for commutation, and this sub-category is included in "Essential Family Use." Government sample polls indicate about 10.2% of commutation mileage is by truck, much of it presumably by vans in pool arrangements. These totals are in Truck use, not commuation.

TOTAL NEW & USED CARS SOLD IN 1982
(in millions of units)

	Total Cars Sold			Cars Sold For Non-Personal Use-A			Cars Sold For Personal Use		
		Percentages Down	Across		Percentages Down	Across		Percentages Down	Across
NEW CARS									
New Domestic Models	5.461	70.4	100%	3.252	87.5	59.5	2.209	54.7	40.5
New Import Models	2.293	29.6	100%	0.463	12.5	20.2	1.830	45.3	79.8
Sub-total New Cars	7.754	100%	100%	3.715	100%		4.039	100%	
Percentages		31.8	100%			47.9			52.1
USED CARS									
Domestic	13.662	82.1	100%	2.362	78.8	17.3	11.300	82.8	82.7
Import	2.981	17.9	100%	0.634	21.2	21.3	2.347	17.2	78.7
Sub-total Used Cars	16.643	100%	100%	2.996	100%		13.647	100%	
Percentages		68.2	100%			18.0			82.0
TOTALS	24.397	100%	100%	6.711		27.5	17.686		72.5

(A) The term "fleet" vehicle is defined by manufacturers as a unit sold to an organization which purchases 10 or more such units each year. In addition to these models, many more units are sold to smaller organizations and individuals which are used primarily for business, rather than for purely personal, driving; the above totals reflect both of these categories, "fleet" as well as other non-personal use.